

MINUTES
March 7, 2002

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, March 7, 2002 - 9:30 a.m.
Seattle Metropolitan Credit Union
Conference Room – 3rd Floor

Present: Jan Drago, Dwight Dively, Norma McKinney, Jim Fletcher, Lou Walter, John Curtin and Frank Mathews.

Absent: none.

Also Present: Kirk Jones - ARSCE, Bill Farrell – ARSCE, Walter North – ARSCE, Ed Kidd – ARSCE, Ken Leask – ARSCE, Eddie Haw – ARSCE, Russ Teller – ARSCE, Mary Norris – ARSCE, John Love – ARSCE/Transit, Jess Tapp – ARSCE, Patricia Flynn, Mel Robertson and Norm Ruggles.

Public Comment: Eddie Haw expressed his disappointment that the Board was not able to implement the COLA for current retirees now, rather than having to wait until the Retirement Fund has reached a 95% funded level, as provided for in recent legislation. He said there is an inequity in the current level of COLA benefits. He also asked the Board to consider a pop-up for the retirees whose spouses predecease them and who retired before the date in 1997 when the pop-up became available.

Minutes:

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board approved the minutes, from the February 7, 2002 Retirement Board meeting.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 4,584,265.11
Disability	49,193.85
Beneficiary	584,294.84

Pension Payroll – February 2002	\$ 5,217,753.80
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Office Payroll - pay period ending January 29, 2002	\$ 22,066.60
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Office Payroll - pay period ending February 12, 2002	\$ 22,332.27
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Vouchers Processed - from February 1, 2002 through February 26, 2002	\$ 197,293.69 *
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* \$ 157,160.00 Expert and Consultant Services

Upon motion by Dwight Dively, seconded by Norma McKinney, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Immediate Withdrawal of Contributions

Member	<u>Department</u>	<u>Position</u>
Apostolou, Vasilike S	Parks	Rec Program Spec
Barrabas, Clemens H	Parks	Maint Worker
Chan, Fung Yee	Parks	Acct Tech I
Daigle, Kellie Robertson	Police	Dispatcher
Dell'Agnese, Daniel	SEATRAN	Safety & Health Spec
Duggan, Carmen S	Parks	Recreation Leader
Frost, Alison Sumner	SPU	Mgmt Systems Analyst
Fry, Joanne H	Parks	Painter
Hamilton, Mayisha Iyona	City Light	Admin Spec I
Hoskins, Jonathan M	HSD	Plan & Dev Spec Sr
Mulder, Janet E	City Light	Manager II
Nicholson, Dalia	SEATRAN	Engineering Aid
Ormbrek, Kathleen	Human Services	Admin Spec
Powell, Jennifer L	HSD	Grants & Contracts Spec, Sr
Shin, Julia Jiun	Parks	Recreation Attendant
Talley, Donna Marie	DCLU	Site Development Inspector
Tuifua, Sawadee	Seattle Center	Janitor

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Avery, Donald	01/16/2002	32	189	Fleets & Facilities	Auto Mechanic	58	C20,F
Beach, Carol N.	02/02/2002	16	57	Parks	Public Education Program	62	S
Berglund, James	01/05/2002	31	150	Metro Transit	Transit Operator	53	C20
Blankenship, William M.	01/16/2002	33	111	SPU	Manager 2	63	E,G-50
Browne, David M.	02/06/2002	30	289	SPU	Civil Eng Specialist	62	C10
Elmer, Bayard W.	01/04/2002	21	227	City Light	Mechanical Eng Sr.	65	S
Geronimo, Teodoro B.	02/02/2002	21	224	Police	Latent Print Examiner	69	E,G-50
Greene, Joe S.	01/08/2002	11	351	City Light	Vested	62	C5
Israel, Roberta S.	02/01/2002	3	37	Dual Member	Vested/City Council Office	61	S
Jenkins, Dennis H.	02/02/2002	38	62	Metro Transit	Transit Operator	65	E,G-100
Russell, William F.	12/07/2001	21	339	Parks	Civil Eng Spec. Sr	51	19b
Lane, Edward F.	02/02/2002	24	210	DoIT	Information Technology	62	D
Lavers, Richard T.	02/13/2002	10	285	Seattle Center	Sound Operator	65	S
Mill, Gilbert H.	02/13/2002	16	16	Parks	Utility Laborer	65	D,G-100
Mun, Myong S.	01/16/2002	8	18	ESD	Janitor	62	C5
Olson, Bernerd A.	02/02/2002	31	265	City Light	Power Struct. Mechanic CC	56	A
Reichenbach, Edward W.	02/13/2002	30	48	SPU	Contr. & Maint. Equip.	48	E
Schell, Alzora	01/09/2002	25	66	City Light	Civil Eng Specialist Asst.	67	A,G-50
Schwartz, Robert J.	02/02/2002	33	293	SPU	Civil Eng Supervisor	62	D

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Norm described an error in the Investment Summary and handed out the corrected Investment Summary. The correct amount of cash holdings on December 31, 2001 is \$18,111,383.28.

Upon motion by Dwight Dively, seconded by Jim Fletcher, the Retirement Board approved the corrected Investment Summary report.

Investment Committee Report:

It was announced that the Investment Committee is scheduled to meet at noon on Thursday, March 28, 2002 in the Retirement Office.

Norm reviewed the process undertaken to search for and select investment managers who invest in large cap international equities. The Investment Committee has decided to recommend removing \$130M from the EAFE index account currently managed by Barclays Global Investors and place the funds with active managers. These funds will be invested primarily in large companies in developed nations, although a small portion of the portfolio might be invested in stocks in countries that are considered emerging. The new managers recommended by the Committee were described to the Board.

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the Investment Committee recommendation to hire Lazard Asset Management to manage \$60M, MFS Institutional Advisors to manage \$50M, and to add \$20M to the account managed by Capital Guardian.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

Norm updated the Board on the implementation of the new opportunities for service credit "buybacks". The explanatory materials were sent to all City employees on February 22, 2002. The Retirement Office is receiving many calls, e-mails and walk-ins. Employees are being encouraged to fill out the buyback request form so staff can review the file and employment history before providing individual information. The Board discussed a draft of administrative rules that will be needed for the purchase of service credit for military time. Staff will work on these rules and will report back to the Board.

Pursuant to the presentation on DROP plans at the Board Retreat in February, Norm asked the Board if it had an interest in pursuing this type of a plan change. The consensus of the Board was not to pursue a DROP, but reserving the possibility of further consideration in the future.

Mel gave a status report on the audit being performed by Deloitte & Touche. The audit is nearing completion. After it is completed, Mel can finish the Annual Report and send it to the print shop, likely within the next few weeks.

Norm reported that an application has been submitted to the IRS by outside counsel Paul McDonald for a determination that our plan remains a qualified plan. It's a good idea to get this determination after changes are made to a retirement plan. The City plan has undergone several changes in recent years.

Norm gave a report on the "pop-up" feature of our retirement plan which applies to members who retire on or after March 24, 1997 and who select Retirement Option D or E. Some retirees who retired before March 24, 1997 have asked the Board to consider extending the pop-up feature to them. After discussion, the Board asked Norm and Mel to gather information on the cost of expanding this benefit, and to report back to the Board.

The Board meeting on April 4, 2002 will be held in the Metropolitan Credit Union Board Room on the third floor, instead of the normal Credit Union Conference Room.

Old Business:

(1) Status of Benefit Enhancements

Norm informed the Board that the estimated current funding level of the Retirement Fund is 84.86% as of January 31, 2002.

New Business:

Jan Drago announced that the City Council Finance, Budget, Business and Labor Committee has reviewed the accomplishments made by the Retirement System recently and is pleased with the progress made.

Jan then presented to the Board information Norma McKinney had gathered regarding Norm's performance review for his first year as Executive Director. The areas mentioned were benefit improvements, Municipal Code revisions, new investment policies, improved customer service, changes in internal operations, and implementation of audit recommendations. The Board members expressed satisfaction with these accomplishments, as did Russ Teller on behalf of ARSCE.

Norm said it is a pleasure to work with the Board and thanked the Board for making his job easier. He then thanked ARSCE and the retirees for being supportive. Norm also thanked Mel for his help and hard work.

The Board then convened into executive session at 10:48 a.m. to discuss other personnel matters.

At 11:00 a.m. the Board invited the meeting attendees back into the room and returned to regular session.

Adjournment

Upon motion by Lou Walter, seconded by Frank Mathews, the Retirement Board voted to adjourn the meeting at 11:02 a.m.

Norma McKinney, Secretary